



Economic Impact Analysis Virginia Department of Planning and Budget

13 VAC 5-51 – Virginia Statewide Fire Prevention Code Department of Housing and Community Development

December 13, 1999

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The Board of Housing and Community Development amends the Statewide Fire Prevention Code every three years. The proposed changes to the regulation include: permitting the storage of motor fuels in aboveground tanks at public service stations when the installation meets the National Fire Protection Association (NFPA) standard, a clarification that fire code officials are not empowered to inspect and assess fees in regard to the transport of explosive materials, and a new requirement that malfunctioning fire sprinkler devices be repaired or replaced.

Estimated Economic Impact

One of the proposed amendments to the regulation would allow the storage of motor fuels in aboveground tanks at public service stations when the installation meets the National Fire

Protection Association (NFPA) standard. According to the Virginia Petroleum Marketers and Convenience Store Association, very few Virginia service stations are likely to use aboveground storage tanks even with this new language.¹ The NFPA standards make aboveground tanks feasible only on very large lots. Plus, aboveground tanks are more expensive than underground tanks. The disadvantages of underground tanks are problems with leaking and the necessity of testing for leaking. This proposed regulation change may prompt a few owners of rural service stations (where the lots may be very large) to store motor fuels aboveground, but most, if not all, service stations will continue to store their motor fuel underground.

For those few rural service station owners for whom the extra cost of aboveground tanks is deemed worthwhile, there is some benefit to this proposed change. A possible negative effect of the proposed change is a reduction in safety. Due to the restrictiveness of the NFPA standards, it appears that under the circumstances when aboveground tanks are permitted the safety risk will be relatively low. Thus, both the potential benefits and costs of this proposed change appear to be small.

The Board of Housing and Community Development proposes to delete all references in this regulation regarding the transportation of explosive materials and to add a reference to the “Regulations Governing the Transportation of Hazardous Materials.” The Board has been informed that at least one fire code official has, in at least one instance, inspected a truck with explosive materials and required the payment of a fee. This proposed change to the regulation is meant to clarify that fire code officials are not empowered to inspect and assess fees in regard to the transport of explosive materials. Under “Regulations Governing the Transportation of Hazardous Materials,” law enforcement officers enforce the regulations concerning hazardous materials, including explosive materials. Though this proposed change in language does not represent a change in policy or any requirements, it should help reduce the misinterpretation of this regulation. This proposed change to the regulation would produce a small economic benefit to the transporters of explosive materials by reducing the burden of the rare improper time-consuming inspection by a fire code official and fee imposed. If we presume that the transport of explosive materials is satisfactorily inspected by law enforcement officers and that the rare

¹ This information is from a 12/9/99 conversation with Frank Bedell, of the Virginia Petroleum Marketers and Convenience Store Association.

inspections by fire code officials have not added to safety, then we can say that there will likely be a small net economic benefit to the Commonwealth if the proposed language change is adopted.

The current regulation does not include language regarding the malfunctioning of already installed fire sprinkler devices. According to the Department of Housing and Community Development, this is because until problems occurred with the Omega sprinkler model a couple of years ago, sprinkler devices had been consistently reliable. The Board proposes to add language stating that when a certain model of sprinkler device is found to be faulty in a minimum number of instances, that the code official shall order that the sprinkler equipment be rendered safe. The benefits (saved lives and property) of requiring functioning fire sprinkler devices likely outweigh the costs. Once a specific model of sprinkler is found to be faulty, insurance companies will almost surely require their replacement or repair. Thus, owners of insured buildings would likely repair or replace faulty sprinklers on their own. The addition of the proposed language may make it more likely that owners of uninsured buildings replace or repair their faulty sprinklers. The Department of Housing and Community Development is not aware of a problem with any specific model of sprinkler that is currently used in Virginia.

Businesses and Entities Affected

The 69 local fire code officials in the Commonwealth, the transporters of explosive materials, and some rural gas station owners are affected by the proposed regulatory changes. Building owners may become affected if at some time the model of sprinklers installed in their buildings is deemed faulty.

Localities Particularly Affected

The proposed regulation affects localities throughout the Commonwealth.

Projected Impact on Employment

The proposed changes to this regulation are not expected to significantly influence employment.

Effects on the Use and Value of Private Property

A small number of rural service stations may choose to store motor fuels aboveground. Explosive material transporters are somewhat less likely to encounter improper delays and fees. Some owners of uninsured buildings may be more likely to replace malfunctioning fire sprinkler devices.